

# House File 569 - Introduced

HOUSE FILE \_\_\_\_\_  
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and JACOBY

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act concerning the manufacture and sale of native distilled  
2 spirits, and establishing a related permit fee and excise tax.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 2460YH 83  
5 ec/nh/14

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1 1 Section 1. Section 123.32, subsection 1, Code 2009, is  
1 2 amended to read as follows:  
1 3 1. FILING OF APPLICATION. An application for a class "A",  
1 4 class "B", class "C", or class "E" liquor control license, for  
1 5 a class "A" native distilled spirits permit, for a retail beer  
1 6 permit as provided in sections 123.128 and 123.129, or for a  
1 7 class "B", class "B" native, or class "C" native retail wine  
1 8 permit as provided in section 123.178, 123.178A, or 123.178B,  
1 9 accompanied by the necessary fee and bond, if required, shall  
1 10 be filed with the appropriate city council if the premises for  
1 11 which the license or permit is sought are located within the  
1 12 corporate limits of a city, or with the board of supervisors  
1 13 if the premises for which the license or permit is sought are  
1 14 located outside the corporate limits of a city. An  
1 15 application for a class "D" liquor control license and for a  
1 16 class "A" beer or class "A" wine permit, accompanied by the  
1 17 necessary fee and bond, if required, shall be filed with the  
1 18 division, which shall proceed in the same manner as in the  
1 19 case of an application approved by local authorities.

1 20 Sec. 2. Section 123.41, subsection 1, Code 2009, is  
1 21 amended to read as follows:  
1 22 1. Upon application in the prescribed form and accompanied  
1 23 by a fee of three hundred fifty dollars, the administrator may  
1 24 in accordance with this chapter grant and issue a license,  
1 25 valid for a one-year period after date of issuance, to a  
1 26 manufacturer, other than a manufacturer of native distilled  
1 27 spirits licensed pursuant to section 123.43A, which shall  
1 28 allow the manufacture, storage, and wholesale disposition and  
1 29 sale of alcoholic liquors to the division and to customers  
1 30 outside of the state.

1 31 Sec. 3. NEW SECTION. 123.43A NATIVE DISTILLED SPIRITS ==  
1 32 PERMIT == EXCISE TAX.

1 33 1. Subject to rules of the division, a manufacturer of  
1 34 native distilled spirits holding a class "A" native distilled  
1 35 spirits permit pursuant to this section may sell, keep, or  
2 1 offer for sale native distilled spirits. As provided in this  
2 2 section, sales may be made at retail for off-premises  
2 3 consumption when sold on the premises of the manufacturer of  
2 4 the native distilled spirits. Any other sale shall only be  
2 5 made to the division for wholesale disposition and sale by the  
2 6 division.

2 7 2. For the purposes of this section, "native distilled  
2 8 spirits" means distilled spirits manufactured by a distillery  
2 9 located in this state.

2 10 3. A manufacturer of native distilled spirits shall not  
2 11 sell more than five thousand proof gallons of native distilled  
2 12 spirits on the premises of the manufacturer, annually. For  
2 13 each proof gallon sold in a month, the manufacturer of native

2 14 distilled spirits shall remit an excise tax of fifteen dollars  
2 15 per proof gallon to the division on or before the tenth day of  
2 16 the following month. All revenue derived from the excise tax  
2 17 shall be deposited in the general fund of the state.

2 18 4. A manufacturer of native distilled spirits shall not  
2 19 sell native distilled spirits other than as permitted in this  
2 20 chapter and shall not allow native distilled spirits sold to  
2 21 be consumed upon the premises of the manufacturer. However,  
2 22 prior to sale, native distilled spirits may be sampled on the  
2 23 premises where made, when no charge is made for the sampling.

2 24 5. A class "A" native distilled spirits permit for a  
2 25 native distilled spirits manufacturer shall be issued and  
2 26 renewed annually upon payment of a fee of twenty-five dollars  
2 27 which shall be in lieu of any other license fee required by  
2 28 this chapter. The class "A" permit shall allow the native  
2 29 distilled spirits manufacturer to sell, keep, or offer for  
2 30 sale the manufacturer's native distilled spirits as provided  
2 31 under this section.

2 32 6. For the purposes of this section, section 123.43 shall  
2 33 not apply to a manufacturer of native distilled spirits.

2 34 7. The sale of native distilled spirits to the division  
2 35 for wholesale disposition and sale by the division shall be  
3 1 subject to the requirements of this chapter regarding such  
3 2 disposition and sale.

3 3 EXPLANATION

3 4 This bill relates to the manufacture and sale of native  
3 5 distilled spirits, and provides for the obtaining of a class  
3 6 "A" native distilled spirits permit.

3 7 The bill provides that a manufacturer of native distilled  
3 8 spirits may sell, keep, or offer for sale native distilled  
3 9 spirits for off-premises consumption through sales on the  
3 10 manufacturer's premises. The bill restricts any other form of  
3 11 sale to sales made to the alcoholic beverages division for  
3 12 wholesale disposition and sale by the division. The bill  
3 13 defines "native distilled spirits" to mean distilled spirits  
3 14 manufactured by a distillery located in Iowa.

3 15 The bill provides that a manufacturer shall not sell more  
3 16 than 5,000 proof gallons of native distilled spirits on the  
3 17 premises of the manufacturer, annually. The bill also imposes  
3 18 an excise tax of \$15 payable to the division to be deposited  
3 19 in the general fund for each proof gallon sold by a  
3 20 manufacturer. The bill specifies that a manufacturer shall  
3 21 not allow native distilled spirits sold to be consumed upon  
3 22 the premises of the manufacturer, but that prior to sale they  
3 23 may be sampled on the premises where made, when no charge is  
3 24 made for the sampling.

3 25 The bill provides for a new permit applicable to native  
3 26 distilled spirits, requiring a fee of \$25 for initial issuance  
3 27 and annual renewal. The class "A" native distilled spirits  
3 28 permit allows a manufacturer to sell, keep, or offer for sale  
3 29 the manufacturer's native distilled spirits.

3 30 The bill also provides that the sale of native distilled  
3 31 spirits to the alcoholic beverages division for wholesale  
3 32 disposition and sale by the division shall be subject to the  
3 33 requirements of Code chapter 123 relating to liquor sales and  
3 34 distribution by the division.

3 35 The bill provides that a manufacturer of native distilled  
4 1 spirits is not considered a manufacturer pursuant to Code  
4 2 sections 123.41 and 123.43, which require a license allowing  
4 3 the manufacture, storage, and wholesale disposition and sale  
4 4 of alcoholic liquors to the division and to customers outside  
4 5 of the state.

4 6 The bill makes conforming changes to provisions in Code  
4 7 chapter 123.

4 8 LSB 2460YH 83  
4 9 ec/nh/14